GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2550
ANSWERED ON:18.03.2005
AMENDMENT TO SBI ACT
Saradgi Shri Iqbal Ahmed;Seth Shri Lakshman Chandra

Will the Minister of FINANCE be pleased to state:

(a) whether the Government is considering to amend SBI Act and SBI subsidiary Banks Act to allow State Bank group to take over public sector banks, other banking companies and regional rural banks;

(b) if so, the details thereof;

(c) whether the removal of the cap on voting rights would require an amendment to Section 12(2) of the Banking Regulation Act;

(d) if so, the details thereof;

(e) whether the Government is also considering amendments to the Bank nationalization of 1970 & 1980 to give a wide definition to the terms `banking institutions` to facilitate mergers; and

(f) if so, the time by when it is likely to be introduced?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM):

(a) At present, the amendments under consideration of the Government in these two Acts contains no such proposal.

(b) Does not arise.

(c) and (d) The removal of the cap on voting rights in private sector banks will require an amendment to Section 12(2) of the Banking Regulation Act, 1949. This amendment would not affect the cap on voting rights in public sector banks as they are governed by specific provisions regarding this in the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970/1980 and State Bank of India Act,1955.

(e) At present, there is no such proposal under consideration of the Government.

(f) Does not arise.